

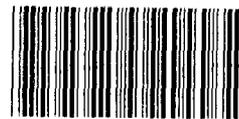
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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Audit Of The Minority Printing Clerk, House Of Representatives, For The Fiscal Year Ended September 30, 1979



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-199863

To the President of the Senate and the
Speaker of the House of Representatives

We audited the accounts of the Minority Printing Clerk, House of Representatives, for the fiscal year ended September 30, 1979, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1).

GENERAL COMMENTS

The position of Minority Printing Clerk originated from House Resolution 295 (July 7, 1943, 78th Cong.), which (1) authorized employment of a clerk in charge of printing for the minority caucus room and (2) provided that the clerk be

--designated by the minority leader and

--compensated at the rate of \$2,000 per annum from appropriated funds.

Over the years, the amount of the Minority Printing Clerk's compensation increased from \$2,000 to \$16,743, the annual pay rate established in accordance with the pay adjustment which became effective October 1, 1977. No funds were provided, however, in the Legislative Branch Appropriation Act, 1979 (Public Law 95-391, Sept. 30, 1978), or in the continuing resolution for fiscal year 1980 (Public Law 96-86, Oct. 12, 1979), to pay a salary to the Minority Printing Clerk after September 30, 1978.

The Minority Printing Clerk operates as Thomas J. Lankford, Incorporated, a firm organized and incorporated on December 16, 1963, primarily to provide printing and related services for Members of the House of Representatives.

The Minority Printing Clerk's offices and printing plant are in the west underground garage of the House of Representatives. During the fiscal year ended September 30, 1979, the Printing Clerk supplied, for a fee, official printing to

the minority leadership and printing and related services to Members of Congress, congressional committees, State societies, and political organizations.

On August 1, 1978, Thomas J. Lankford, Incorporated, purchased land and buildings for use as a warehouse. The corporation subsequently leased the building to another firm. The lease provides that Thomas J. Lankford, Incorporated, will retain the exclusive use of about 1,000 square feet for paper storage, with an additional 500 square feet to be available, if needed.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. It included an examination of the accounting records for the fiscal year ended September 30, 1979, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

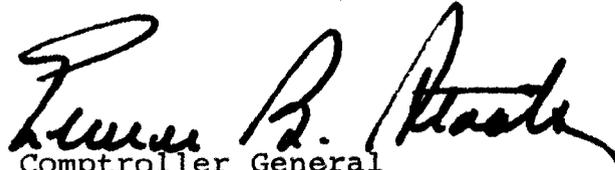
We prepared the accompanying financial statements (schs. 1, 2, and 3) from the accounting records of Thomas J. Lankford, Incorporated. The income and expense statement (sch. 2) does not include the costs of certain benefits and services, such as space, utilities, and ordinary building repairs and maintenance furnished to the corporation without charge.

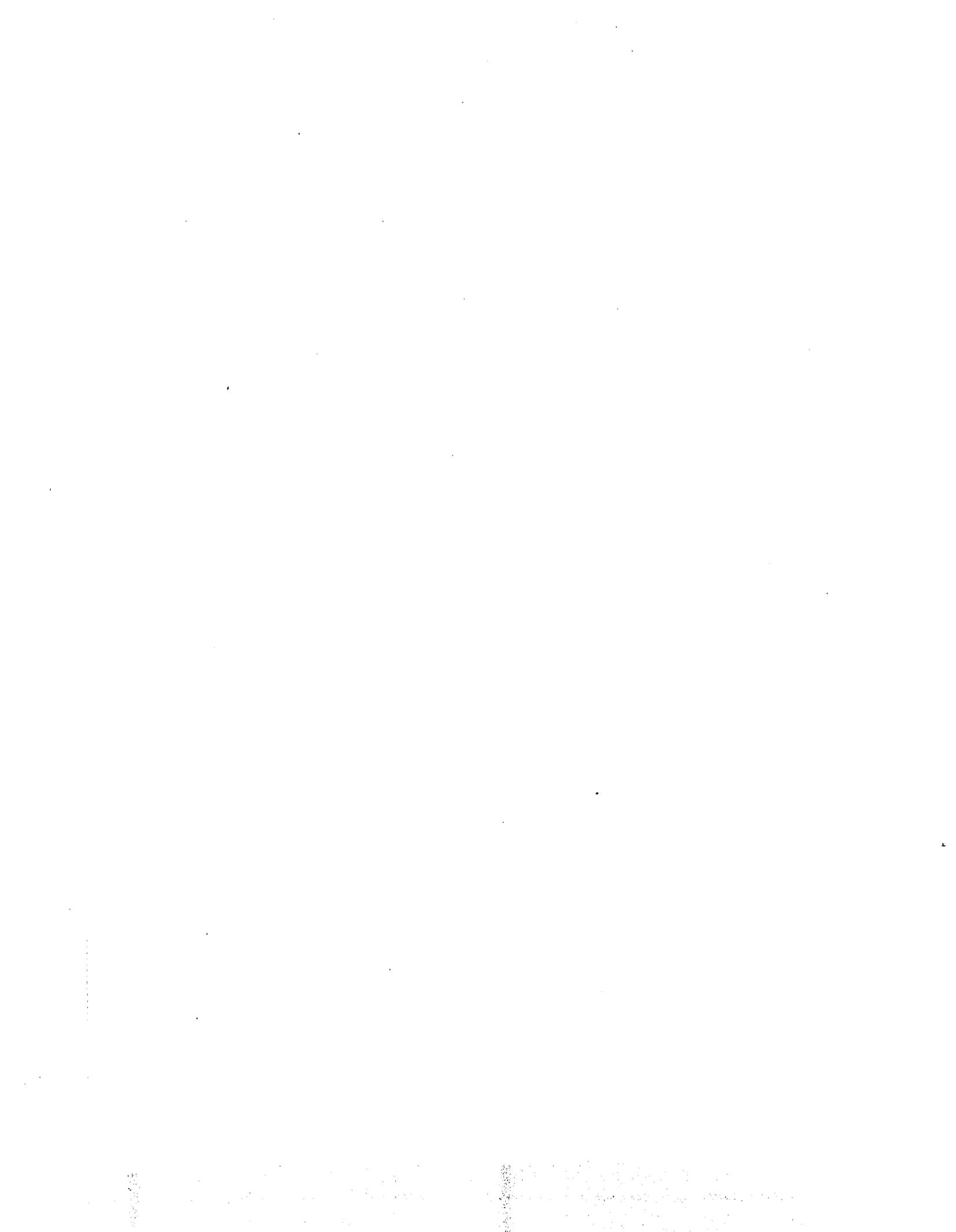
In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of preceding years and in accordance with the financial arrangements described above, present fairly the financial position of the Minority Printing Clerk, operating as Thomas J. Lankford, Incorporated, at September 30, 1979, and the results of its operations and the changes in its financial position for the year then ended.

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B-199863

The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Accordingly, copies of this report are being furnished to cognizant congressional committees. A copy is being sent to the Minority Leader of the House of Representatives, and copies will be available to Members and the public.


Comptroller General
of the United States



SCHEDULES

SCHEDULE 1

SCHEDULE 1

THOMAS J. LANKFORD, INCORPORATEDSTATEMENT OF FINANCIAL CONDITIONSEPTEMBER 30, 1979 (note a)

ASSETS

CURRENT ASSETS:

Cash		\$ 43,499.79	
Accounts receivable--trade		132,610.76	
Accounts receivable--officers (note b)		3,096.53	
Accounts receivable--other		1,632.07	
Inventory (cost)		79,318.35	
Prepaid expenses		7,867.31	
Tax loss carry back claim		<u>5,079.31</u>	
Total current assets			\$273,104.12

INVESTMENTS:

Warehouse property: (note c)			
Land		56,757.00	
Buildings	\$ 73,346.00		
Less accumulated depreciation	<u>2,104.89</u>	<u>71,241.11</u>	
		127,998.11	
Cash surrender value of officer's life insurance policy		<u>28,199.38</u>	
Total investments			156,197.49

FIXED ASSETS:

Printing equipment	233,016.31		
Less accumulated depreciation	<u>192,064.00</u>		
		40,952.31	
Station wagon	7,498.00		
Less accumulated depreciation	<u>7,081.11</u>		
		416.89	
Office equipment	400.00		
Less accumulated depreciation	<u>236.52</u>		
		<u>163.48</u>	
Total fixed assets			<u>41,532.68</u>

TOTAL ASSETS

\$470,834.29

The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable	\$143,978.42
Notes payable--current portion	72,525.89
Estimated franchise and income tax liability	12,105.00
Accrued taxes payable	6,371.94
Unearned income	<u>1,967.75</u>

Total current liabilities

\$236,949.00

NOTE PAYABLE - Long term portion

40,100.29

Total liabilities

277,049.29

STOCKHOLDER'S EQUITY:

Capital stock--common:

\$100 par value;

1,500 shares

authorized; 375

shares issued and

outstanding

\$ 37,500.00

Capital in excess of

par value

51,464.36

Total capital

88,964.36

Retained earnings:

Balance at beginning

of fiscal year

120,407.21

Less prior years' adjust-

ments

236.81

120,170.40

Net loss for fiscal year

15,349.76

Balance at end of fiscal year

104,820.64

Total stockholder's equity

193,785.00TOTAL LIABILITIES AND STOCKHOLDER'S
EQUITY\$470,834.29

SCHEDULE 2

SCHEDULE 2

THOMAS J. LANKFORD, INCORPORATED
 STATEMENT OF INCOME AND EXPENSE
 FISCAL YEAR ENDED SEPTEMBER 30, 1979
 (notes a and d)

NET SALES			\$1,220,167.52
PRINTING EXPENSES:			
Camera supplies		\$ 11,024.75	
Depreciation (straight-line method)		10,761.31	
Express and postage		6,589.08	
Leased equipment		54,477.99	
Material and paper		427,085.63	
Payroll taxes		17,319.22	
Repairs and parts		12,082.55	
Salaries		311,327.61	
Subcontracts		106,433.86	
Type, composition, and ink		20,547.14	
Union pension fund		2,808.00	
Union welfare fund		<u>9,921.13</u>	
Total printing expense			<u>990,378.27</u>
Gross profit from sales			229,789.25
ADMINISTRATIVE EXPENSES:			
Accounting fees		9,000.00	
Advertising and promotion		27,985.45	
Station wagon		5,101.34	
Depreciation (straight-line method)		2,539.08	
Employee pension plan (note e)		32,280.65	
General expense		3,124.19	
Insurance		20,821.49	
Legal fees		6,124.63	
President-Treasurer salary		129,000.00	
Taxes		8,010.54	
Telephone		<u>692.13</u>	
Total administrative expenses			<u>244,679.50</u>
Net operating loss			(14,890.25)
NONOPERATING INCOME:			
Rental income	\$20,903.60		
Interest income	25.92		
Miscellaneous income	<u>405.42</u>	21,334.94	
NONOPERATING EXPENSE:			
Interest expense	13,242.30		
Tax penalties	1,543.02		
Rental property expense	<u>6,984.13</u>	<u>21,769.45</u>	<u>434.51</u>
Net loss before franchise tax			(15,324.76)
DISTRICT OF COLUMBIA FRANCHISE TAX:			<u>25.00</u>
Net loss			<u>\$(15,349.76)</u>
EARNINGS PER SHARE			\$ (40.93)

The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

THOMAS J. LANKFORD, INCORPORATEDSTATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEAR ENDED SEPTEMBER 30, 1979 (note a)

FUNDS PROVIDED:	
Net sales	\$1,220,167.52
Rental income	20,903.60
Interest income	25.92
Miscellaneous income	405.42
Decrease in working capital	<u>70,555.71</u>
Total funds provided	<u>\$1,312,058.17</u>

FUNDS APPLIED:	\$1,221,782.38
Costs (excluding depreciation)	
Increase in cash surrender value of officer's life insurance	3,715.84
Purchase of printing equipment	5,370.24
Real property improvement	3,300.00
Reduction in long term note payable	57,696.48
Interest expense	13,242.30
Rental property expense	5,171.10
Tax penalties	1,543.02
Prior years' adjustments	<u>236.81</u>
Total funds applied	<u>\$1,312,058.17</u>

ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED SEPTEMBER 30, 1979

	<u>Increase or (decrease)</u>
WORKING CAPITAL CHANGES:	
Cash	\$(23,308.82)
Accounts receivable	(28,630.73)
Inventory	6,539.27
Tax loss	(3,548.14)
carry back claim	1,627.15
Prepaid expenses	(3,589.86)
Accounts payable	(33,584.72)
Notes payable	
Estimated franchise and income tax liability	14,145.00
Accrued taxes payable	(5,147.99)
Unearned income	<u>4,943.13</u>
DECREASE IN WORKING CAPITAL	<u>\$(70,555.71)</u>

The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

THOMAS J. LANKFORD, INCORPORATEDNOTES TO FINANCIAL STATEMENTSSEPTEMBER 30, 1979a/Significant accounting policies:

The books are maintained on a cash basis throughout the course of the fiscal year and converted to an accrual basis at the end of the fiscal year.

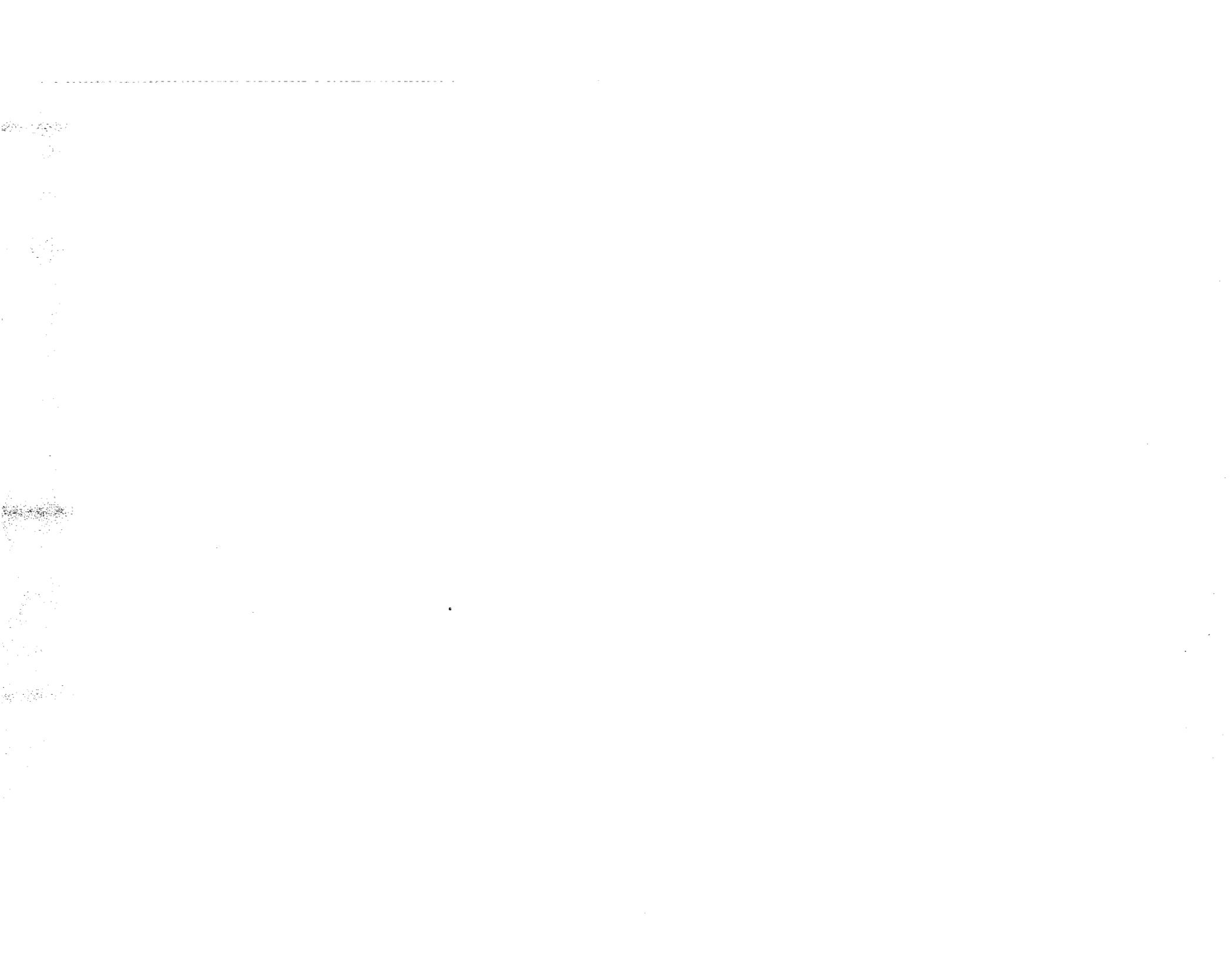
Depreciation is provided at rates based on estimated useful lives using the straight line method. The lives generally used are as follows:

Buildings	40 years
Printing equipment--new	10 years
Printing equipment--used	5 years
Office furniture and equipment	10 years
Station wagon	3 years

Inventory is stated on the statement of financial condition at cost.

b/Due from President-Treasurer for personal expenses paid by Thomas J. Lankford, Incorporated.c/A portion of the warehouse property is available to the corporation for paper storage.d/Does not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance--furnished to the corporation without charge.e/Employee pension plan provides for normal retirement after 10 years of plan participation and 65 years of age or older. The plan covers all employees at no cost to the employees.

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